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Before the
Federal Communications Commission
Washington, DC 20544

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Federal-State Joint Board)

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On Universal Service)

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Collection)
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CC Docket No. 96-45
(Proposed Revision of Maximum
Amounts for Schools and Libraries
Rural Health Care Providers,
Public Notice, DA 9872)

Comments of the San Diego Unified School Districts

I - Public Notice Comments

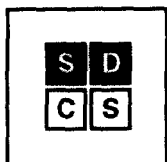
Pg. 1

II - Comments on Commissioner Furchtgott-Roth May 13, 1998 Statement

Pg. 3

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COMMENTS OF THE SAN DIEGO UNIFIED SCHOOL DISTRICT

RE: Comments in Reference to Proposed Revision of Maximum Collection Amounts for Schools and Libraries and Rural Health Care Providers, Public Notice, CC Docket No. 96-45, DA 98-872 (Delivered via Federal Express and separate copy filed via the Internet)

In response to the FCC request for comments released on May 13, 1998, in Public Notice, CC Docket NO. 96-45, DA 98-872, the San Diego Unified School District makes the following comments:

The public notice states that the FCC proposes "...to implement a gradual phase-in of the schools, libraries and rural health care universal service support mechanisms that takes advantage, and reflects the timing, of access charge reductions, will provide substantial support and at the same time will minimize disruption to consumers." The San Diego Unified School District does not support a gradual phase-in of the support mechanisms. A phase in of the program would interfere with the program as established and could jeopardize full funding for eligible services that have already been contracted and paid for. Eligible school applicants should be fully funded during funding year 1998 up to the annual cap of \$2.25 billion, as instituted previously by the FCC. The district supports efforts by the FCC to equitably allocate

the program costs to business and residential consumers, but equity concerns should be addressed without delaying implementation of the E-Rate program.

The Commission also asked for comments regarding the "Commission's decision governing the amount of money collected during the second six months of 1998 for the federal universal service support mechanism." The district supports a decision to collect and spend the amounts necessary to complete the full 1998 funding of schools' applications for eligible, approved and legitimate services, on a "first-come, first-served" basis, up to the annual cap of \$2.25 billion. As a consumer group of the telecommunications industry, the district supports the FCC's efforts to prevent "rate churn" by the telecommunications industry upon their consumers.

The Commissions' notice raises the issue of having the USAC collect only the money required to serve the needs of the demand for services. In doing this, Commission also states that the USAC collect no more than "\$524 million per quarter for the third and fourth quarters of 1998." The district supports a decision to authorize the collecting and spending, during the second six months of 1998, those amounts necessary to complete the full 1998 funding of schools' applications for eligible, approved and legitimate services, on a "first-come, first-served" basis, up to the annual cap of \$2.25 billion. We do not support a lowering of total support levels to \$1.67 billion.

In addition to the Commission's public notice, Commissioner Furchtgott-Roth's statement also dated on May 13, 1998 raised a number of issues that warrant comment by the San Diego Unified School District. Commissioner Furchtgott-Roth's statement suggests a desire to

postpone the schools and libraries program until January 1, 1999. The district strongly opposes any delay in the implementation of this critically important program. The scope and scale of this program for 1998 should not change at this time. This district, also a major ratepayer, will pay tens of thousands of dollars during 1998 in "Universal Service Fund" fees invoiced and collected by telecommunications service providers. Equity issues for "taxpayers" has been addressed throughout the development of the E-Rate program and the FCC has ruled on this issue. It is appropriate to continue to evaluate equity concerns, but to postpone the program to do this is inappropriate.

Commissioner Furchtgott-Roth's statement also requests comments about "the amount of consumer benefit that would ensue by reducing the schools and libraries funding to provide only discounts in telecommunications services." The District strongly opposes providing only discounts for telecommunications services during 1998. The Telecommunications Act (Section 254 (h)) permits discounts for "internal connections" and "Internet access" as well as "telecommunications services." San Diego Unified has filed application for eligible "internal connections" discounts for 1998. These "internal connection" services include portions of construction projects currently in progress. We have been assured of retroactivity to 1/1/98 for approved, eligible services, including internal connections. If internal connections are now, at this late date, and after we have complied with the required competitive bidding requirements, removed from eligibility discounts for 1998, the potential additional cost to this district during 1998 will be several million dollars.

Another question that Commissioner Furchtgott-Roth's statement raises is "Whether ... the Commission has the discretion to prioritize among bona fide applications?" San Diego Unified School District supports prioritization of funding for bona fide applications in accordance with the existing (first come, first-served) rules, including the final \$250 million being allocated to the most disadvantaged schools. The District supports the concept that all schools should be eligible for participation in the E-Rate program, and all benefits should be available to all bona fide applicants not only limited to the "most disadvantaged" schools.

There are a number of issues raised in the FCC public notice and individual Commissioner statements related to this issue. The San Diego Unified School District urges the Commission to maintain current funding of the program at the \$2.25 billion cap and fully fund bona fide applications as the current regulations stipulate. Our district continues to contract and begin millions of dollars of work that is eligible for the E-Rate discount. The decisions of the commission on funding of the E-Rate program is urgent due to planning concerns for future telecommunications, Internet access and internal connection services.